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ADVISORY: UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 20-07

TO: STATE WORKFORCE AGENCIES

FROM: EMILY STOVER DeROCCO /s/
Assistant Secretary

SUBJECT: Call Memo for the Fiscal Year (FY) 2008 Unemployment Insurance (UI) State Quality Service Plan (SQSP)

- Purpose.** To initiate the FY 2008 SQSP process and to issue supplemental instructions for the preparation of the FY 2008 SQSP.
- References.** ET Handbook No. 336, 18th Edition, “Unemployment Insurance State Quality Service Plan (SQSP) Planning and Reporting Guidelines”; Unemployment Insurance Program Letter (UIPL) No. 14-05, “Changes to UI Performs”; UIPL No. 14-05, Change 1, “Performance Criterion for the Overpayment Detection Measure; Clarification of Appeals Timeliness Measures; and Implementation of Tax Quality Measure Corrective Action Plans (CAPs)”; UIPL No. 14-05, Change 2, “Performance Criteria for Appeals Case Aging Measures and the Starting Date for Measuring Nonmonetary Determinations Time Lapse”; UIPL No. 41-95, “Draft Narrative Describing the System for Enhancing Unemployment Insurance Performance: The ‘UI PERFORMS’ System”; Workforce Investment Act Final Rule, 20 CFR Parts 652, 660 et al; and UIPL No. 22-05, “Unemployment Insurance Data Validation (UI DV) Program Software and Policy Guidance.”
- Background.** As part of UI Performs, the comprehensive performance management system for the UI program, the SQSP is the principal vehicle that the state UI programs use to plan, record, and manage improvement efforts as they strive for excellence in service. Additionally, it is the grant document through which states receive Federal UI administrative funding. ET Handbook No. 336, 18th Edition, contains general instructions for the SQSP.

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The Handbook is designed as a permanent instruction for the annual planning and budget process and provides states with planning guidelines and instructions for reporting UI financial and staff year information. The annual Call Memo supplements those instructions and provides guidance and instructions specific to the year in question.

UI is one of the Workforce Investment Act title I partners. While states have the option to include their UI programs as part of their two-year Strategic Unified State Plan submitted under Section 501 of the Act, they must participate in the annual UI Performs SQSP process.

4. **Federal Emphasis.** Each year, the Employment and Training Administration (ETA) identifies program areas that warrant special attention. The five-year Department of Labor (Department) Strategic Plan forms the basis for the Federal emphasis for FY 2008. Required by Congress under the Government Performance and Results Act of 1993 (GPRA), the Strategic Plan is an integral part of the budget process and requires a commitment from all Department programs to attain expressed goals and outcomes. Achieving these outcomes requires the combined efforts of the Federal and state partners.

The UI program goal, shown below, supports the Department's strategic goal of "A Secure Workforce."

Make timely and accurate benefit payments to unemployed workers, and facilitate their reemployment.

In recognition of ETA's priorities, we are focusing our attention on the following GPRA goals for FY 2008. States are expected to describe in the SQSP Narrative the steps they will take to reach and/or maintain these GPRA goals and targets in FY 2008:

- *Detect Benefit Overpayments.*
 - ◆ **Target:** Overpayments detected will be at least 60.5% of the estimated detectable, recoverable overpayments.
- *Facilitate the Reemployment of Claimants.*
 - ◆ **Target:** 65% of UI claimants will be reemployed by the end of the first quarter after the quarter in which they received their first payment.

States should continue to strive to meet the remaining GPRA goals and targets for FY 2008; however, states are not required to address these in the FY 2008 SQSP.

- *Make Timely Benefit Payments.*
 - ◆ **Target:** 90.1% of intrastate first payments for full weeks of unemployment will be made within 14/21 days after the first compensable week.
- *Establish Tax Accounts Promptly.*
 - ◆ **Target:** 83.0% of status determinations for new employers will be made within 90 days of the end of the first quarter in which liability occurred.

5. **Program Performance.** The Department's strategic approach to UI Performs is to focus efforts on raising the performance of states where performance is below minimum criteria, while promoting overall excellence. To that end, corrective action plans (CAPs) are expected whenever a state's performance is below the criteria for the SQSP measurement period. The measurement period for the FY 2008 SQSP is April 1, 2006 – March 31, 2007. CAPs are expected for:
- a. state's performance below the Acceptable Levels of Performance (ALPs) for Core Measures;
 - b. state's performance below the criteria for Secretary Standards established in regulation for the SQSP measurement period; and
 - c. improper administration of Benefits Accuracy Measurement (BAM) or Benefit Payment Control (BPC) activities resulting in an overpayment detection rate above 95%. The CAP should be designed to produce valid data for the Overpayment Detection Measure and should address proper reporting on the ETA 227 (Overpayment Detection and Recovery Activity) report.

States will address all other performance deficiencies in the SQSP Narrative as described in the SQSP Handbook.

Multi-year CAPs continue to be an option for states so that efforts which must extend beyond a fiscal year due to their size, scope, or complexity can be realistically portrayed. Out-year portions of such multi-year plans need not provide quarterly targets or milestones as are required for the SQSP year, but should provide sufficient information to explain anticipated progress and results.

6. **Performance Criteria and Planning Requirements for FY 2008.** The Department announced the changes to UI Performs in UIPL No. 14-05, dated February 18, 2005. ET Handbook 336, 18th Edition, reflects those changes and should be used when preparing the FY 2007 SQSP.

The cycle of the UI Performs management system requires advanced planning. Implementation of the changes to the measures began with the FY 2006 SQSP and is being done systematically so that states know in advance what will be expected of them. Therefore, CAPs will be expected for annual performance that does not meet ALPs on Core Measures as listed in Attachment A, with the following exceptions:

- ***Tax Quality:*** States are expected to address Tax Quality in the Narrative, if any single function fails the Tax Performance System (TPS) for three consecutive years (i.e., 2004, 2005, and 2006.) *Note: states are expected to submit a CAP for Tax Quality if more than three functions fail TPS in a year.*
- ***Average Age of Pending Lower and Higher Authority Appeals:*** ALPs for the Average Age of Pending Appeals Core Measures are pending; however, states should describe in the Narrative the steps they are taking to minimize the age of pending

appeals and reduce backlogs.

- ***Detection of Overpayments:*** The Detection of Overpayments Measure is the percent of detectable/recoverable overpayments established for recovery. States reporting an overpayment detection rate below 50% are expected to explain the reasons for the low performance in the SQSP Narrative. Also, because states generally cannot detect and establish more than 80%-90% of estimated overpayments, an upper limit of 95% has been established for monitoring purposes. States reporting ratios over 95% are expected to explain in the Narrative section the reasons for the higher than expected ratios. If an overpayment rate above 95% is the result of improper administration of BAM or BPC activities or misreporting of data, the state is expected to submit a CAP (for BAM/Overpayment Detection or BPC/Overpayment Detection) designed to produce valid data for the Detection of Overpayment Measure.
- ***Facilitate Reemployment:*** States are not expected to submit CAPs for the Core Measure or Facilitate Reemployment because the ALP has not yet been established. **(Note: States are to address the GPRA goal in the Narrative.)**

States must take corrective action for Management Information Measures where performance is so conspicuously poor that compliance with Federal law requirements is in question.

States will be expected to describe in the SQSP Narrative the actions planned to correct deficiencies regarding program reviews and reporting requirements as defined in the SQSP Handbook. Special consideration should be given to the following:

- ◆ **Data Validation (DV).** For FY 2008, states are expected to address in the narrative:
 - Failure to implement DV. “Implementing DV” is defined as having built all of the 20 Population Extract files (15 Benefits, 5 Tax).
 - Failure to submit results from validating Benefit Timeliness and Quality (BTQ) samples (appeals and nonmonetary determinations) due for the 2007 performance year. These are conducted and submitted independent of the Sun software, and were to have been submitted on or before May 10, 2007, by e-mail using a Microsoft Word template.
 - Failure to validate TPS Acceptance samples (three Status Determinations samples and the Field Audit sample) for CY 2006. As with the BTQ sample reviews, these are conducted and submitted independent of the Sun software, and should have been submitted on or before May 10, 2007, by e-mail using a Microsoft Word template.
 - States are not required to submit a narrative addressing failure to conduct and submit results of Wage Item validations due for the 2007 validation year (April 2006 – March 2007) because necessary software was not in place.
- ◆ **Nonmonetary Determination Timeliness (Issue Detection Date (IDD)).** The IDD is the starting parameter for calculating the UI Performs time lapse measure for all nonmonetary determinations. States with invalid data are required to address in the SQSP Narrative the steps they will take to record the IDD correctly.

7. **Funding Period.** The proposed appropriation language provides for obligation of FY 2008 UI allocations by states through December 31, 2008, with 90 additional days to liquidate the obligations and complete the expenditure of funds. However, states may obligate FY 2008 UI funds through September 30, 2010, if such obligations are for automation acquisitions. Therefore, the end of the FY 2008 obligation period is December 31, 2008, for all funds except automation acquisitions, which have an obligation deadline of September 30, 2010.
8. **Data Availability.** The Regional Offices (ROs) will provide states with reports showing their performance against the Core Measures, the GPRA goals, and other information relevant to the SQSP (i.e., reporting deficiencies.)
9. **Deadline for State SQSP Submittal.** Each RO will set a deadline for states to submit their SQSPs for FY 2008.
10. **Electronic Submission of the SQSP.** States are required to submit the SQSP electronically and should contact their RO SQSP Coordinator prior to submittal to coordinate specific details. Standard forms required as part of the budget reporting process (Chapter II of ET Handbook No. 336, 18th Edition) are available in PDF format and may be downloaded from the Office of Management and Budget Web site at http://www.whitehouse.gov/omb/grants/grants_forms.html. If electronic signatures are approved by the state for use in the submission of legal documents to the National Office and ROs, states may submit the SQSP signature page electronically. States that do not submit an electronic signature page must submit the signature page in hard copy by mail or facsimile by the deadline set by the RO.
11. **Action.** State Administrators are requested to:
 - a. Make this information available to appropriate staff;
 - b. Prepare their SQSPs in accordance with instructions in this UIPL and the planning and reporting instructions contained in ET Handbook No. 336, 18th Edition;
 - c. Coordinate specifics, as appropriate, with the RO for electronic submission of the plan; and
 - d. Submit the FY 2008 SQSP to the appropriate RO by the date specified by the Regional Administrator.
12. **Inquiries.** Questions should be directed to the appropriate RO.
13. **Attachment.** Measures to be addressed in the FY 2008 SQSP